LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
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FISCAL IMPACT STATEMENT

LS 7832 | **DATE PREPARED:** Apr 12, 2001
BILL NUMBER: SB 456 | **BILL AMENDED:** Apr 11, 2001

SUBJECT: Use of Gasohol in State Vehicles; Corn Marketing Council.

FISCAL ANALYST: James Sperlik
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FUNDS AFFECTED: X **GENERAL**
DEDICATED
X **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill:(1) requires the state, whenever possible, to purchase gasoline blended with agriculturally derived ethyl alcohol (gasohol) to fuel the gasoline fueled vehicles owned or operated by the state that are capable of using gasohol. It exempts certain vehicles from the gasohol requirement;

(2) allows a producer to bring a civil action against a manufacturer of "gmo" (genetically modified) products for actual damages, treble damages, and attorney's fees if the producer's crop is nonmarketable due to cross pollination or blending with gmo seeds or crops;

(3) creates an interim study committee on ethanol use and ethanol production facility funding.

Effective Date: (Amended) July 1, 2001.

Explanation of State Expenditures: (Revised) (1) The Department of Administration (Motor Pool Division) has 603 vehicles, all of which are capable of using gasohol as required by this proposal. In addition, the state owns and operates a total of approximately 10,000 vehicles. Included within the 10,000 vehicles are the Department of Transportation dump trucks, State Police cars, and all types of vehicles including light-duty, medium-duty, and heavy-duty trucks and equipment. It is unclear how many of the 10,000 state-owned and operated vehicles are capable of using gasohol. The retail price for gasoline and gasohol are very similar. Consequently, state fuel costs are not expected to be significantly different due to these provisions.

(2) This part will have no fiscal impact.

(3) Study committees are allocated $9,000 per interim. Their expenses are paid from General Fund appropriations to the Legislative Council. The newly created committee consists of the following members:

(a) four members from the Indiana General Assembly; two from the House of Representatives and two from the Senate.

(b) The Commissioner of Agriculture appoints the following members:

(1) one member representing corn growers in Indiana.
(2) one member who is an agricultural economist.
(3) one member representing petroleum suppliers in Indiana.
(4) one member representing petroleum marketers in Indiana.

The Committee is to study the following:

(1) Practical means of funding the construction of an ethanol production facility in Indiana.
(2) Availability of state and federal money to further the promotion and production of renewable fuels and new technology.
(3) Feasibility of phasing out the use of methyl tertiary-butyl ether in petroleum by July 1, 2004, and the effect on the state's gasoline supply.
(4) Demand for ethanol produced in the state if methyl tertiary-butyl ether is phase out by July 1, 2004.

Explanation of State Revenues: (Revised) (1) The federal tax on gasoline is 18.4 cents per gallon, while the federal tax on gasohol is 13 cents per gallon. Indiana is a donor state with respect to federal fuel taxes (i.e., Indiana receives less from the federal gas tax than Indiana sends to Washington, D.C.). For every dollar that Indiana sends to Washington, Indiana receives approximately 91 cents in return. With the use of more gasohol and a lower tax rate, Indiana is likely to receive less in return from the federal government per gallon of fuel.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation and all agencies using gasohol; Office of the Commissioner of Agriculture; General Assembly.

Local Agencies Affected:

Information Sources: Jay McQueen, Deputy Commissioner of the Department of Administration, 232-7636; Tien Nguyen, Office of Fuels Development, U.S. Department of Energy, 202-586-7387.